

PUBLIC WORKSHOP NOTICE

April 2, 2004

TO: INTERESTED PARTIES
FROM: EXECUTIVE OFFICER/APCO
SUBJECT: PROPOSED AMENDMENTS TO REGULATION 3: FEES

On **Friday, April 23, 2004, starting at 10:00 AM**, the staff of the Bay Area Air Quality Management District will conduct a public workshop to discuss recently revised proposed amendments to District Regulation 3: Fees. The workshop will be held in the 7th floor Board of Directors meeting room at the **District's office located at 939 Ellis Street in San Francisco**.

On February 26, 2004, the District issued a notice for a public workshop to discuss with interested parties an initial proposal to increase District fees. The workshop was held on March 19, 2004. The District staff's initial proposal was to increase all fees, with the exception of Title V fees, by 1.9 percent, which corresponds to the increase in the Consumer Price Index (CPI) for the Bay Area for the year 2003. For Title V fees, which apply to about 100 facilities with Major Facility Review (MFR) or Synthetic Minor permits, the initial proposal was for a 20 percent increase in annual Title V fees. Several additional miscellaneous changes in the District's fee regulation were also proposed.

Following the March 19 workshop, District staff provided a summary of the proposed fee amendments to the District's Board of Directors at a meeting of their Stationary Source Committee on March 22, 2004. The Committee expressed concern that the increases in permit fee revenue that would result from the District staff's initial proposal would leave a large gap between revenue collected and the District's costs of regulatory activities related to permitted sources. Based on this input, District staff are proposing to further revise the proposed amendments to increase permit fees as follows:

- Add a new processing fee for each facility for renewal of permits to operate as follows:
 - (a) \$50 for facilities with 1 permitted source, including gasoline dispensing facilities.
 - (b) \$100 for facilities with 2 to 5 permitted sources.
 - (c) \$200 for facilities with 6 to 10 permitted sources.
 - (d) \$300 for facilities with 11 to 15 permitted sources.
 - (e) \$400 for facilities with 16 to 20 permitted sources.
 - (f) \$500 for facilities with more than 20 permitted sources.

Currently, 76 percent of District-permitted facilities have only one permitted source. For most of these facilities, permits are renewed annually (some are renewed every other year) and the processing fee for these facilities would be \$50 per year. Another 17 percent of facilities have 2 to 5 permitted sources and would have a processing fee of \$100 per year. The remaining seven percent of facilities have 6 or more permitted sources, and would have processing fees ranging from \$200 to \$500 per year. The processing fee would apply to each facility for the renewal of all permits to operate, and would be in addition to the

permit to operate fees for each permitted source listed in Schedules B, C, D, E, F, H, I and K of District Regulation 3. The processing fee would apply to nearly 9000 facilities in the Bay Area, and would generate approximately \$673,000 in additional permit fee revenue for the District for the upcoming fiscal year.

- Increase annual Title V fees as follows:
 - (a) MFR/Synthetic Minor Monitoring Fee: 20% increase (to \$1858 per monitor per pollutant)
 - (b) MFR Emissions Fee: 56% increase (to \$9.53 per ton of regulated air pollutants emitted)
 - (c) MFR Source Fee: 56% increase (to \$242 per source)

The MFR/Synthetic Minor Monitoring Fee is unchanged from the District's initial proposal to increase this fee by 20 percent. The revised proposal includes, however, a much larger increase of 56 percent in the MFR Emissions Fee and MFR Source Fee. These proposed changes would collectively result in an increase of approximately 50 percent in annual Title V fee revenue (as compared to the initial proposal, which would increase annual Title V fee revenue by 20 percent), and generate about \$520,000 in additional fee revenue for the District for the upcoming fiscal year. About one half of the increased Title V fee revenue would come from five large petroleum refineries, which currently pay Title V fees which average about \$100,000 per facility.

The District's revised proposal also retains the 1.9 percent CPI adjustment for all fees (except Title V fees) to account for inflation, and the other miscellaneous amendments to the fee regulation that were previously proposed. The revised proposal also includes the following additional amendments to the District's fee regulation (these were not included in the initial workshop notice of February 26, 2004, but were presented at the March 19 Workshop):

- a. Set the fees for identical source replacements to be the same as the fees required for installing an entirely new source. This change is being proposed because, under the District's regulations, the scope and complexity of a permit evaluation for an identical replacement is no different from that of a non-identical replacement or any other type of new source.
- b. Clarify that the fee for source alterations that do not increase emissions is only a filing fee.

Visit the District's Website for More Information

This notice, the proposed amendments to Regulation 3, and a draft staff report are available on the District's website at www.baaqmd.gov. Copies are also available by calling the Engineering Division at (415) 749-4990. Staff will discuss the proposed amendments at the workshop but will also receive written comments until Friday, May 7, 2004. Please direct comments or questions to Brian Bateman, the District's Director of Engineering, at (415) 749-4653, or electronically at bbateman@baaqmd.gov.

PUBLIC TRANSPORTATION

MUNI -- #47 AND 49 NORTH AND SOUTH ON VAN NESS AVENUE

BART -- CIVIC CENTER STATION 8TH AND MARKET STREETS

Attendees are encouraged to ride public transit, rideshare, bicycle, walk or use other non-motorized modes to and from the workshops.